

1.1 ..... moves to amend H.F. No. 3415 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. **TITLE.**

1.4 Sections 2 to 7 may be cited as the Ratepayer Protection Act.

1.5 Sec. 2. Minnesota Statutes 2008, section 216B.03, is amended to read:

1.6 **216B.03 REASONABLE RATE.**

1.7 Every rate made, demanded, or received by any public utility, or by any two or  
1.8 more public utilities jointly, shall be just and reasonable. Rates shall not be unreasonably  
1.9 preferential, unreasonably prejudicial, or discriminatory, but shall be sufficient, equitable,  
1.10 and consistent in application to a class of consumers. To the maximum reasonable extent,  
1.11 the commission shall set rates to encourage energy conservation and renewable energy use  
1.12 and to further the goals of ~~sections 216B.164, 216B.241, and 216C.05~~ this chapter, chapter  
1.13 216C, and chapter 216H. Any doubt as to reasonableness should be resolved in favor of  
1.14 the consumer to ensure the lowest total long term costs to consumers. For rate making  
1.15 purposes a public utility may treat two or more municipalities served by it as a single class  
1.16 wherever the populations are comparable in size or the conditions of service are similar.

1.17 **EFFECTIVE DATE.** This section is effective the day following final enactment.

1.18 Sec. 3. **[216B.085] STATE ENERGY GOALS.**

1.19 In carrying out its duties under this chapter, the commission shall ensure affordable  
1.20 and reliable utility service that maximizes energy efficiency, the development of renewable  
1.21 energy sources, and reductions in emissions of greenhouse gases, and which furthers the  
1.22 goals of this chapter, chapter 216C, and chapter 216H.

1.23 **EFFECTIVE DATE.** This section is effective the day following final enactment.

2.1 Sec. 4. Minnesota Statutes 2008, section 216B.243, subdivision 3, is amended to read:

2.2 Subd. 3. **Showing required for construction.** No proposed large energy facility  
2.3 shall be certified for construction unless the applicant can show that demand for electricity  
2.4 cannot be met more cost effectively through energy conservation and load-management  
2.5 measures and unless the applicant has otherwise justified its need. In assessing need,  
2.6 the commission shall evaluate:

2.7 (1) the accuracy of the long-range energy demand forecasts on which the necessity  
2.8 for the facility is based;

2.9 (2) the effect of existing or possible energy conservation programs under sections  
2.10 216C.05 to 216C.30 and this section or other federal or state legislation on long-term  
2.11 energy demand;

2.12 (3) the relationship of the proposed facility to overall state energy needs, as  
2.13 described in the most recent state energy policy and conservation report prepared under  
2.14 section 216C.18, or, in the case of a high-voltage transmission line, the relationship of the  
2.15 proposed line to regional energy needs, as presented in the transmission plan submitted  
2.16 under section 216B.2425;

2.17 (4) promotional activities that may have given rise to the demand for this facility;

2.18 (5) benefits of this facility, including its uses to protect or enhance environmental  
2.19 quality, and to increase reliability of energy supply in Minnesota and the region;

2.20 (6) possible alternatives for satisfying the energy demand or transmission needs  
2.21 including but not limited to potential for increased efficiency and upgrading of existing  
2.22 energy generation and transmission facilities, load-management programs, and distributed  
2.23 generation;

2.24 (7) the policies, rules, and regulations of other state and federal agencies and local  
2.25 governments;

2.26 (8) any feasible combination of energy conservation improvements, ~~required under~~  
2.27 ~~section 216B.241~~, that can (i) replace part or all of the energy to be provided by the  
2.28 proposed facility, and (ii) compete with it economically, including energy conservation  
2.29 improvements that exceed those required under section 216B.241;

2.30 (9) with respect to a high-voltage transmission line, the benefits of enhanced regional  
2.31 reliability, access, or deliverability to the extent these factors improve the robustness of  
2.32 the transmission system or lower costs for electric consumers in Minnesota;

2.33 (10) whether the applicant or applicants are in compliance with applicable provisions  
2.34 of sections 216B.1691 and 216B.2425, subdivision 7, and have filed or will file by a  
2.35 date certain an application for certificate of need under this section or for certification as

3.1 a priority electric transmission project under section 216B.2425 for any transmission  
3.2 facilities or upgrades identified under section 216B.2425, subdivision 7;

3.3 (11) whether the applicant has made the demonstrations required under subdivision  
3.4 3a; and

3.5 (12) if the applicant is proposing a nonrenewable generating plant, the applicant's  
3.6 assessment of the risk of environmental costs and regulation on that proposed facility  
3.7 over the expected useful life of the plant, including a proposed means of allocating costs  
3.8 associated with that risk.

3.9 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.10 Sec. 5. Minnesota Statutes 2008, section 216B.243, subdivision 3a, is amended to read:

3.11 Subd. 3a. **Use of renewable resource.** (a) The commission may not issue a  
3.12 certificate of need under this section for a large energy facility that generates electric power  
3.13 by means of a nonrenewable energy source, or that transmits electric power generated  
3.14 by means of a nonrenewable energy source, unless the applicant for the certificate has  
3.15 demonstrated to the commission's satisfaction that it has explored the possibility of  
3.16 generating power by means of renewable energy sources and has demonstrated that  
3.17 the alternative selected is less expensive (including environmental costs) than power  
3.18 generated by a renewable energy source. For purposes of this subdivision, "renewable  
3.19 energy source" includes hydro, wind, solar, and geothermal energy and the use of trees or  
3.20 other vegetation as fuel.

3.21 (b) An applicant's proof of compliance with the objectives and requirements of  
3.22 section 216B.1691 is insufficient by itself to meet the demonstration required by this  
3.23 subdivision.

3.24 Sec. 6. Minnesota Statutes 2008, section 216B.243, is amended by adding a  
3.25 subdivision to read:

3.26 Subd. 3c. **Multiple applicants; required showing.** For a facility that is proposed  
3.27 within the state by more than one applicant or from which more than one utility will  
3.28 purchase energy, each applicant must separately show compliance with subdivisions 3 and  
3.29 3a with respect to that applicant's proposed purchases from the facility.

3.30 **EFFECTIVE DATE.** This section is effective the day following final enactment.

3.31 Sec. 7. **STUDY; ALIGNING UTILITY REGULATION WITH ENERGY**  
3.32 **POLICY.**

4.1 (a) By January 15, 2013, the Public Utilities Commission shall submit a report to the  
4.2 members of the senate and house of representatives committees with primary jurisdiction  
4.3 over energy policy containing recommendations for aligning energy utility regulation  
4.4 with the state's energy policy that gives primary emphasis to energy efficiency and the  
4.5 development of renewable energy sources in meeting future energy needs, while:

4.6 (1) ensuring lowest total long term costs to consumers;

4.7 (2) maintaining reliable utility service; and

4.8 (3) ensuring a sustainable business model for utilities, recognizing the need to  
4.9 aggressively pursue energy efficiency and renewable energy development, and to reduce  
4.10 greenhouse gas emissions.

4.11 By September 1, 2010, the Public Utilities Commission shall open a docket to ensure  
4.12 adequate input from all interested stakeholders.

4.13 The Public Utilities Commission shall submit an interim report to the senate and  
4.14 house of representatives committees with primary jurisdiction over energy policy by  
4.15 February 15, 2011, and February 15, 2012. Any changes in Public Utilities Commission  
4.16 rules, protocols, or procedures recommended as a result of the docket or the report shall  
4.17 not be implemented before February 15, 2011.

4.18 (b) The stakeholder process and report, which may be done in whole or in part by  
4.19 contractors, must analyze and evaluate, at a minimum, the following regulatory issues:

4.20 (1) financial mechanisms that align a utility's financial interests with energy  
4.21 efficiency measures and renewable energy sources as resource options, including, but  
4.22 not limited to:

4.23 (i) shared savings models that allow a utility to retain a share of the net direct and  
4.24 indirect benefits realized from energy efficiency and renewable energy investments,  
4.25 including benefits from changes in customer demand management resulting from utility  
4.26 programs that provide incentives for those changes;

4.27 (ii) rate-of-return mechanisms that provide competitive returns on equity for  
4.28 investments in energy efficiency and renewable energy; and

4.29 (iii) time-of-day pricing;

4.30 (2) different mechanisms by which interim rates can be charged to ratepayers after a  
4.31 general rate case is filed, and how they affect the frequency and timing of such filings; and

4.32 (3) how regulatory structures and procedures may be amended to allow the Office  
4.33 of Energy Security and the commissioner to use alternative data, models, and scenarios  
4.34 to construct a long-term statewide energy planning vision that can be brought to bear on  
4.35 utility rate cases and integrated resource planning and transmission planning proceedings.

5.1 Analysis of the issues, models, and potential mechanisms under clause (1) must measure  
5.2 the net benefits to ratepayers, utilities, utility shareholders, and society in a way that allows  
5.3 them to be readily compared to one another. The report must evaluate the efficacy of any  
5.4 of the mechanisms in clauses (1) and (2) that have been adopted in other jurisdictions.  
5.5 The report must contain recommendations and options for changing the way Minnesota  
5.6 regulates utilities, utility business models, and energy policies that will achieve the goals  
5.7 of paragraph (a), and must also discuss barriers that may inhibit implementation of these  
5.8 changes and strategies to overcome the barriers. The commission shall assess public  
5.9 utilities \$1,000,000 under Minnesota Statutes, section 216B.62, for the cost of the study.

5.10 **EFFECTIVE DATE.** This section is effective the day following final enactment."

5.11 Amend the title accordingly